

**Introduction to Basic Benefits Course** 







Federal Employees Health Benefits Program FEHBP

## **Objectives**

- Provide an overview of the FEHB Program and current updates
- 2 Identify Enrollment Option changes
- 3 Identify Qualifying Life Events (QLE)

#### References

- Chapter 89 of title 5 U.S.C.
- Part 890 of title 5 C.F.R. (Non-Premium Conversion) and Part 892 (Premium Conversion)
- FEHB Handbook: www.fehb.gov
- Benefit Administration Letters (BAL)
- CSRS and FERS Handbook

## **Significant Benefit Administration Letters**

**FEHB Expansion BAL 14-210 Federal Employees Health Benefits BAL 15-205** (FEHB) Program: Self Plus One **Enrollment BAL 10-201 Affordable HealthCare Act Affordable Care Act & Information BAL 16-203 Returns Assurance Testing** 

## Types of Enrollment



- Self Only covers employee only
- Self and Family covers all eligible family members
- Self Plus One (Effective January 1, 2016)

## **Appointments That Convey Coverage**

- Permanent = continuous Federal service
- Part-time = 16 32 hours per week
- Term = 1 year or more, but less than 4 years
- Temporary = 1 year of continuous service
- Some Temporary/Seasonal Appointments

## Appointments Not Eligible for Coverage (Excluded From Coverage)

- An appointment less than a year
- Intermittent Work
   Schedules
- Certain employees on temporary and seasonal/intermittent schedules who are NOT covered under the FEHB Expansion BAL 14-210



## Eligible Family Members



- Spouse (common-law marriage)
   www.unmarried.org/commonlaw.pdf
- Married children under age 26 to include legally adopted children and recognized natural children, stepchildren, and (including grandchildren if they qualify as a foster child)
- Children age 26 and over incapable of self-support

## FEHB Children's Equity Act (CEA) of 2000

#### What is CEA?

Court order that requires health coverage for children

P.L. 106-394, enacted on October 30, 2000

BAL 00-224, BAL 02-203, and BAL 04-204

#### **Public Law 106-394**

#### AN ACT

To enable the Federal Government to enroll an employee and his or her family in the FEHBP when a State court orders the employee to provide health insurance coverage for a child of the employee but the employee fails to provide coverage.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, This Act may be cited as the "Federal Employees Health Benefits Children's Equity Act of 2000".

## FEHB Children's Equity Act (CEA) of 2000

- Mandatory self and family coverage
  - Must be eligible for FEHB
  - Comply with a court or administrative order
- Failure To Enroll
  - Agency must enroll employee in self and family, Blue Cross and Blue Shield, Basic Option, Enrollment Code 112

## **Eligibility Requirements for Spouse Equity**

- You were divorced during your employment or receipt of annuity;
- Former spouse was covered under FEHBP as a family member for at least 1 day during the 18 months before the marriage ended;
- Former spouse has not remarried before reaching age 55;
   AND
- Former spouse is entitled to a portion of the Federal employee's annuity or former spouse survivor annuity

Note: Coverage may be ordered by the courts.

## Where Former Spouses Apply



- If the marriage ended before employee's retirement, former spouse must apply and pay premiums to the employing office of the agency where employee worked
- If former spouse has retired or is receiving a compensation from OWCP, OPM is considered the employing agency; apply to OPM

#### **Time Limits**

- Apply to employing office in writing the latest of:
  - −60 days after your marriage ends;
  - 60 days after the date of OPM's notice of eligibility to enroll based on a qualifying court order; or
  - -60 days after the date of the notice of eligibility to enroll based on entitlement to a former spouse annuity under another retirement system for Government employees.
- Within 60 days after the notice of eligibility from OPM to enroll (based on qualified court order), whichever is later

## **Cost of Spouse Equity**

Spouse equity enrollees pay the full premiums
(both employee and
Government contributions) excluding the 2% administrative fee



## Opportunities to Enroll or Change Enrollment

- New Appointment
- Open Season
- Qualifying Life Event (QLE)
  - Change in Family Status
  - Change from Family to Self Only\*

<sup>\*</sup> Must have a QLE to change outside of Open Season if under PC

## **New Appointment Effective Date**

- New Appointment
  - First day of the first pay period after agency receives enrollment request or form is completed.

### FEHB and OWCP



- If employee is on LWOP under OWCP for 90 days or more or projected to be on LWOP for more than 90 days:
  - Coordinate with agency OWCP POC and/or Dept of Labor
  - 2. Transfer FEHB to OWCP

If employee returns to duty part-time, OWCP keeps
 FEHB until employee returns to duty full time

## **Employee Transfer**

 Agency's are required to complete a SF 2810 for employee transferring into the agency.

 Agency's are NOT required to complete a SF 2810 for employees transferring to another Federal agency.

#### **FEHB Belated Enrollment**

Belated enrollment is an opportunity to enroll outside the established time frames due to a cause beyond the employee's control.

- Agency makes the initial decision
- Effective date is retroactive

NOTE: Retroactive premiums are due as of the date the change or enrollment would have been effective if elected on a timely basis.

#### **Denial of Belated Enrollment**

**Agency** must provide the following information in writing:

- An explanation of the reason for the denial
- How to request reconsideration
- The timeframe for requesting reconsideration
- The address of the Benefits & Work Life Programs
   Division who is responsible for making the
   reconsideration decision

#### **FEHB Reconsideration**

The reconsideration is the employee's right to ask the DoD Insurance Officer to review the initial decision made by the employee's employing agency on his/her FEHB request.

#### **Reconsideration Process**

## The request for reconsideration must be filed within 30 calendar days from the date of initial decision and must:

- Be made in writing by the employee
- Include the employee's name, address, DOB, social security number (SSN), name of the carrier, and reason for the request
- Include a copy of the initial decision
- Benefits & Entitlements Branch will provide a final response to employees within 2 weeks or as soon as possible

## **Reconsideration Request**

#### **Must Be Forwarded To:**



Or Fax to: DSN 372-1661 Commercial (571) 372-1663

Fax accepted to meet the filing deadline, but originals must be provided.

## **Continuing FEHB Coverage Into Retirement**

 Employee must have been continuously enrolled or covered as a family member in any FEHB Program plan (not necessarily the same plan) for the five years of service immediately preceding retirement.

 If less than 5 years, for all service under which employee was eligible.

## Waiver of 5-year FEHB Retirement

#### **Granted by OPM**

- OPM pre-approved waivers to DoD employees covered under the FEHB Program continuously since the beginning date of the DoD Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Pay (VSIP)
  - DoD VERA/VSIP authority is permanent
  - VERA/VSIP period is renewed each FY

## Waiver of 5-year FEHB Retirement

### May Not Be Granted:

• When it is within the employee's control

 Voluntary Early Retirement that is Non DoD Authority

Reference: BAL 04-208 for instructions for employees who wish to request a waiver from OPM.

## FEHB CLER

# FEDERAL EMPLOYEES' HEALTH BENEFITS CLEARINGHOUSE (FEHB CLER)

## **Background**

- CLER was initiated in 2002.
- The National Finance Center (NFC) was contracted to provide an automated, centralized FEHB enrollment tracking system.
- The Office of Personnel Management (OPM) holds agencies responsible for resolving discrepancies.

#### **Background** Continued

- CLER is a web-based system used by health insurance carriers, HR personnel, and payroll offices to conduct a quarterly reconciliation of FEHB enrollment data.
- Discrepancies are identified in CLER and are available online for agencies to reconcile.
- Agencies are provided 30 days to research and resolve.

## **OPM Scorecard**

- Consolidated report created by OPM.
- Lists all agencies by payroll database with the number and type of errors.
- Does not identify agencies or sub-agencies separately.
- Does not identify party responsible for corrective action.

#### **CLER Process**

- Payroll offices and health benefit carriers will transmit the required enrollment file data to the NFC each quarter.
- NFC will combine and compare enrollment data from the payroll offices to the health benefit carriers' data and post discrepancies to the CLER web site.

## **CLER Process**Continued

- Designated HR personnel and carriers access the CLER web site to resolve discrepancies.
- Access to CLER is requested from NFC by Components for designated CLER POCs.
- CLERs web address:

https://www.nfc.usda.gov/cler/index2.asp

#### **CLER Fail Counts**

Each discrepancy will have a Fail Count which identifies how long the discrepancy has existed.

- Fail Count of 0 Employee is enrolled in a health plan
- Fail Count of 1 Account has been identified as having a discrepancy for the reported quarter
- Fail Count of 2 Account has had a discrepancy for 2 quarterly cycles

Accounts with the highest Fail Count Codes should be resolved first.

## **Error Codes**

 Error Codes are discrepancies in CLER sorted by the type of error.

Each error code must be corrected.

#### **Corrective Action**

- Personnel and Payroll Offices must research, process, and coordinate to resolve discrepancies by taking the following action:
  - Enter the corrective SF 2809/2810 action in CLER\*.
  - -Fax/Mail the form to the carrier.
  - Include the name and contact info for the CLER poc.
    - \*\*Corrective action must be completed within the 30 day window for CLER updates.

# **Corrective Action Continued**

- Comment area should be used to provide any pertinent data regarding resolution to include action taken.
- Example:
  - Faxed SF 2809 on 6-24-04 to Mary Jones at BC/BS documenting change from Plan 104 to 105,
     Fax: 301-222-3333 / Voice: 301-222-1234
  - Dept of Army CLER Poc: Carolyn Hines, email <u>carolyn.hines@us.army.mil</u>, (703) 111-4567

# **Corrective Action**Continued

- Once the 30 day window is reached, NFC pulls the data from CLER and submits the updates to the health carriers via the OPM data hub.
- Updates resolved beyond the 30-day window must be submitted to the carrier via fax or mailing; not through CLER.

# **Corrective Action**Continued

- Timely analysis and taking appropriate action will avoid repeated discrepancies.
- DoD and Components receive a quarterly report card for each payroll office.
- Individual agency reports can be obtained thru the NFC website.

# NFC Roles and Responsibilities

- Provide a customer support and help desk for personnel and payroll pocs.
- Maintain a website with CLER training and relevant reference materials.
- Establish and maintain user accounts upon request from Component's approved CLER Security Officers.
- Provide training for HR and payroll via teleconference or on-site.
- Provide feedback to OPM.

### **OPM Roles and Responsibilities**

- Provide Federal Agencies with scorecard and feedback on FEHB discrepancies.
- Acts as a liaison with NFC, FEHB carriers, HR personnel, and payroll pocs to resolve CLER issues.
- Provide CLER training to Components upon request.

### **DFAS** Roles and Responsibilities

 Acts as the liaison with NFC to execute data files which provide discrepancies.

 Acts as a liaison with OPM, NFC, FEHB carriers, and HR personnel to resolve CLER issues.

#### **HR CLER POC Roles and Responsibilities**

- Acts as a liaison with OPM, NFC, FEHB carriers, and payroll to resolve CLER issues.
- Ensure that agency CLER users have active accounts.
- Request the necessary training and updates for CLER pocs.
- Take the necessary steps to reduce the number of CLER discrepancies.

# Benefits & Work Life Programs Division /B&E Roles and Responsibilities

- Provide feedback to DoD Benefit Officers regarding CLER scorecard.
- Analyze quarterly reports and scorecards.
- Sponsor training, as needed.
- Act as a liaison with Components, OPM, NFC, FEHB carriers, and payroll to resolve discrepancies.

# **CLER Contacts**

**Contacts**: Agency CLER POC

NFC (504) 426-6410

nfc.cler@usda.gov

**OPM POC: Joel Warren** 

(202) 606-0752, jwarren@opm.gov

Maria Bianchini

(202) 606-1444 msbianchini@opm.gov

# Summary



- Overview of the FEHB Program
- Eligibility Requirements and Coverage for FEHB
- Enrollment Options
- Qualifying Life Events (QLE)

# **Any Questions?**















### **Objectives**



Describe enrollment options, eligibility requirements, and cost of coverage

Identify updates to FEGLI program

# **Laws and Regulations**



5 USC Chapter 87

• 5 CFR Part 870

#### **Significant FEGLI BALs**

**BAL 11-201** 

The Anglin Administration Letter

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**BAL 15-203** 



**BAL 16-201** 



**BAL 16-204** 



New FEGLI Regulations End of
Election
Opportunity
for Certain
Contingency
Operation
Employees

**BAL 12-201** 

FEGLI
Open Season
and Premium
Change

FEGLI
Updated
Guidance on
Election
Opportunities
for Employees
Deployed in
Support of
Contingency
Operations

FEGLI
Open
Season
Guidance

### **Eligibility**

#### Type of appointment is governing factor.



#### **Exception: Continuity of Coverage**

Applies when an employee who is covered by FEGLI moves with a break in service of **3 days or less** to a position which is excluded from coverage.

#### **FEGLI Basics**

- Group Term Life Insurance coverage
- Builds no cash or loan value
- Provides protection against financial hardship or loss by death
- Basic Insurance is automatic depending on appointment - 60 days to elect Optional Insurance



# Accidental Death and Dismemberment (AD&D)



#### **Under Basic**

Benefit equals one-half of Basic Insurance Amount for the loss of one limb or sight in one eye

For the loss of 2 or more (from the limb and eye category) in a single accident, benefit equals the Basic Insurance Amount

#### **Under Option A**

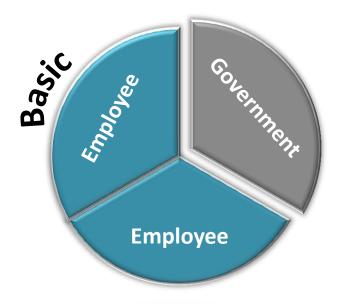
Benefit equals one-half of Option A for the loss of a limb or eye

For the loss of 2 or more (from the limb and eye category) in a single accident, benefit equals the amount of Option A

NOTE: AD&D benefits are not paid in the event of suicide.

#### **Cost of Coverage**

#### **Premiums Are Deducted From Wages:**



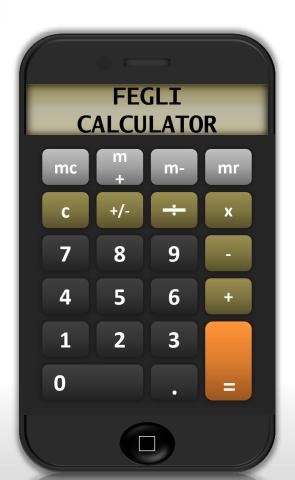


- Shared cost
  - Employee pays 2/3 cost
  - Government pays 1/3 cost

• Employee pays full cost

#### **FEGLI Online Calculator**

- Determine the face value of various combinations of FEGLI coverage
- Calculate the premiums
- Choosing different Options will change the amount of life insurance and premiums



Available on OPM's webpage at

https://www.opm.gov/retirement-services/calculators/fegli-calculator/

## **Qualifying Life Events (QLE)**



Marriage

Divorce

Death of spouse

Birth or adoption of child



#### **QLE Example**

On Felicia Scullark's initial appointment she elected Basic and Option B w/2x her salary. Later, she had a QLE (birth of child), and she elected Option A, Option B w/3x and Option C w/5x.

Based upon her current election, is this change permissible? Please explain why or why not.

#### Answer: This is **NOW** a permissible change

NOTE: Remember, BAL 11-201 changed the way in which Life insurance changes can and will be made going forward.

## **Permissible Employee Changes**



#### Employees may at any time:

**Cancel Basic** 

Cancel Options A, B or C

Reduce multiples of Option B

#### **Erroneous Coverage**

- Employee has "Option C" coverage, but does not have eligible family members; the employee is entitled to a refund
- The employee must cancel the enrollment either electronically or by submitting the SF 2817
- The effective date will be retroactive to the first pay period in which the employee had no eligible dependents
- The employee will receive a refund through DFAS for the premiums withheld after that date

#### **Open Season**

Open season provides an opportunity for employees to change or enroll in the FEGLI program.

- OPM makes the decision when open seasons will occur
- Enrollment opportunities occur infrequently
- Upcoming FEGLI open season in 2016
- Previous open enrollment periods: 1981, 1985, 1993, 1995, 1999, and 2004

#### **Cancellation of Waiver**

 Coverage that was canceled or declined is considered waived

 One year elapsed since effective date of last waiver in order to apply

- Employee must furnish satisfactory medical evidence of insurability (complete SF 2822)
  - Physical is at employee's expense

#### **Cancellation of Waiver**

- SF 2822 (available on OPMs web site)
- Approval from OFEGLI is required
- · Basic, Option A, and Option B may be elected
- Cannot elect or increase multiples for Option C
- Must be in a pay and duty status
- New election replaces previous elections on file

# **Effective Dates for Cancellations of Waivers**

A cancellation of a waiver is effective at the end of the pay period in which the documentation is filed.

#### Life Events:

Option B

Date of event or when SF 2817 is received (Pay and Duty status)

Option C

Date of event or when SF 2817 is received

# **Agency Actions for Termination of Coverage**



- Provide SF 2819
  - Notice of Conversion Privilege to employee
- Prepare SF 2821
  - Agency Certification of Insurance Status
- Annotate appropriate remarks on SF 50
- Provide originals to the employee
- File copy in Official Personnel Folder

## **Insufficient Pay**

When pay is insufficient to cover premiums, employee must be given notice of options to:

- Terminate coverage or
- Contact their Human Resources Office for procedures with direct payment of premiums
- No response within 31 days (45 days overseas)
  - coverage automatically terminated

#### **Breaks in Service**



Breaks in service of 180 days or more



An <u>opportunity to make new</u> election within 60 days

Waivers of Basic coverage or declining to enroll in Optional insurance remain in effect for breaks of less than 180 days (<u>retain same coverage</u>)

#### **BAL 12-201 New Guidance**

- Ended new election opportunities related to Operation Iraqi Freedom and New Dawn on December 31, 2011
- Employees <u>deployed to Iraq prior to January</u>
   1, 2012 are eligible to retain coverage

#### **Exception to BAL 12-201**

- Civilian employees eligible for FEGLI who are deployed in support of a contingency operation as defined by section 101(a)(13) of title 10 may still elect coverage
- Civilian employees in the Department of Defense eligible for FEGLI who are designated as "emergency essential" under section 1580 of title 10 may still elect coverage

<sup>\*</sup>The exception does not apply to employees who are called to active duty as a member of a reserve component in the armed forces

### **Exception to BAL 12-201 (2)**

## **Eligible Employees May Elect:**

Basic Coverage

Option A (Standard) Coverage

Option B (Additional) Coverage

# **Exception to BAL 12-201 (3)**

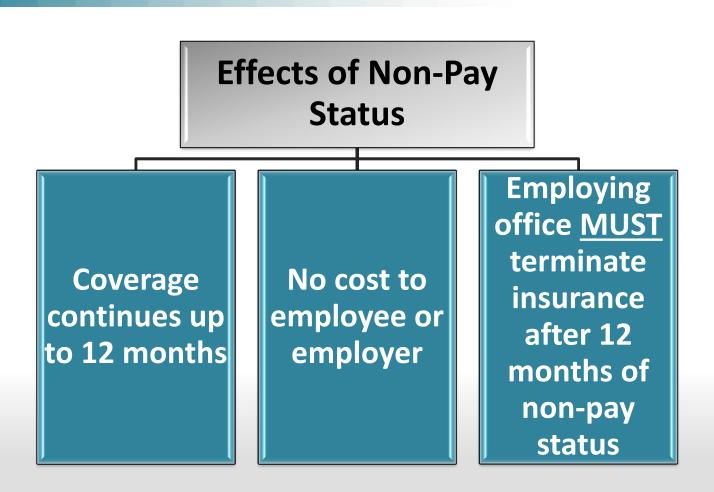
#### **Make Elections:**

 SF 2817 or electronic enrollment via self service system

60 days time limit to make elections

 Effective on the date employing agency receives election and employee is in pay an duty status

## **Leave Without Pay (LWOP)**



## **Leave Without Pay (Absent-US)**



- BAL 08-203
- Coverage continues up to 24 months
- No cost to employee or employer for first
   12 months
- Employee pays full cost after 12 months
- Employing office <u>MUST</u> terminate insurance after 24 months of non-pay status

## **Leave Without Pay (OWCP)**

Employees receiving compensation may continue FEGLI coverage if specific requirements are met:

- Completes 12 months in a non-pay status
- Unable to return to duty as determined by the Department of Labor (DOL)

the Department of Labor (DOL)

## **Leave Without Pay (OWCP)**

- Employee was insured 5 years before the date compensation begins; or if less than 5 years, the full period of service which the employee was eligible
- Employee has not converted to an individual policy

NOTE: OWCP begins making withholdings from compensation the first day of pay period following the one in which withholdings from pay stops. Withholdings begin as soon as compensation begins.

## **Leave Without Pay (OWCP)**

If employee is ineligible or appears to be ineligible:

- Coverage continues for the first 12 months in nonpay status or you separate
- Agency must complete a Notice of Insurance Ineligibility at the same time the CA-7 is sent
- Notice is provide to OWCP and the employee
- Sample notice can be found on OPM website
- OWCP will flag its system to stop the withholdings at the end of 12 months
- At the end of your 12 months, your coverage terminates
- Agency must provide employee with SF-2819 and SF-2821

#### **FEGLI Reconsideration Process**

When denying an employee request of election or change in enrollment, the agency must provide to the employee the following information in writing:

- Explanation of the reason(s) for the denial
- Right to reconsideration
- Timeframe for requesting reconsideration
- Address of the office making the reconsideration decision



#### **FEGLI Reconsideration Process**

The employee's request for reconsideration must be filed within 30 calendar days from the date of the initial decision and must:

- Be made in writing by the employee
- Include the employee's name, address, date of birth, and reason(s) for the request
- Include a copy of the initial decision
- DCPAS will provide a final response to employees within 2 weeks or as soon as possible

### **FEGLI Reconsideration Process**



Defense Civilian Personnel Advisory Service Benefits & Entitlements Service Branch ATTN: DoD Insurance Officer 4800 Mark Center, Suite 05G21

Alexandria, VA 22350-1100

Main Number: (703) 882-5197 DSN Number:

381-5197

FAX: (571) 372-1661

## **Incontestability Clause**

- Statutory Provision Public Law 105-311
- Incontestability clause is a statutory provision which permits erroneous enrollments:
  - must have continued for at least two years
  - employee, annuitant, or compensationer paid the applicable premiums during the period of erroneous coverage
  - applies to errors discovered on or after October 30, 1998

## **Incontestability Clause**

## **History**

- BAL 95-203 on January 12, 1995
  - Agency error permitting enrollment for Basic,
     Option A, Option B, or Option C coverage should be allowed

 Reference BAL 99-214 for revisions to Incontestability clause

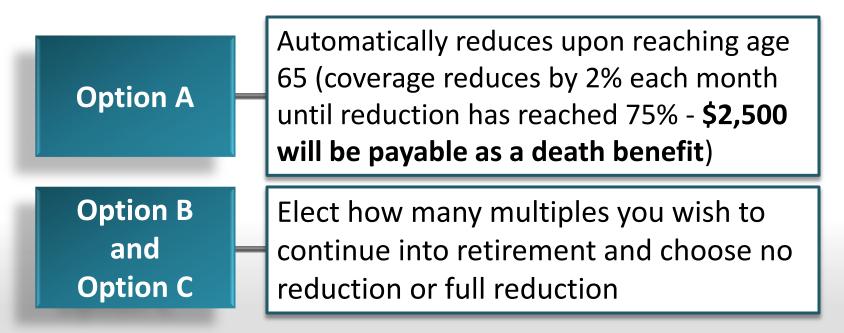
## **Election Upon Retirement**

Employee must be entitled to retire on an immediate annuity and must have been enrolled in FEGLI at least 5 years immediately preceding retirement in order to retain

coverage as an annuitant. At age 65, reduces by 2% each 75% Reduction month until original amount has been reduced by 75% **Basic** At age 65, reduces by 1% each 50% Reduction **Options at** month until original amount has Retirement been reduced by 50% 100% of the Basic Insurance No Reduction Amount is payable as a death benefit

## **Election Upon Retirement**

Employee must have been enrolled in "Each Option" at least 5 years immediately preceding retirement in order to retain coverage as an annuitant.



**NOTE:** Employee must complete the SF 2818.

# Assignment, Viatical Settlements and Living Benefits

#### **Assignment**

- Assigned to an individual
- No requirement for life expectancy

#### **Viatical Settlement**

- Terminally ill with 24 months or less to live
- Sale to a firm in exchange for cash payout before death

#### **Living Benefit**

- Terminally ill with 9 months or less to live
- Employee receives cash from Basic insurance full or partial amount.

## **Designation of Beneficiary**



#### SF 2823:

If form is not on file, the order of precedence is followed for payments

Employee is responsible for maintaining updated designation of beneficiary forms

Employing office reviews form based on agency established procedures

Designation made prior to November 17, 1986, is not valid if employee transfers to another agency

A valid court order and assignment will take precedence over a designation of beneficiary

Total designations must equal 100%

#### **Order of Precedence**

- 1 Assignment beneficiary/assignee
- 2 Valid court order
- 3 Designated beneficiary
- 4 Widow or widower
- 5 Children (and/or descendants of deceased children)
- 6 Parents
- 7 Executor, administrator of estate
- Next of kin (determined by the local state authority of the deceased member)

#### **Claim for Death Benefits**

#### Which form do I use?

FE-6, Claim for Death Benefits

Used for the death of anyone enrolled in the FEGLI program

FE-6 DEP,
Statement of
Claim - Option C

Used to claim death of family members covered under Option C

## **OPM Responsibilities**

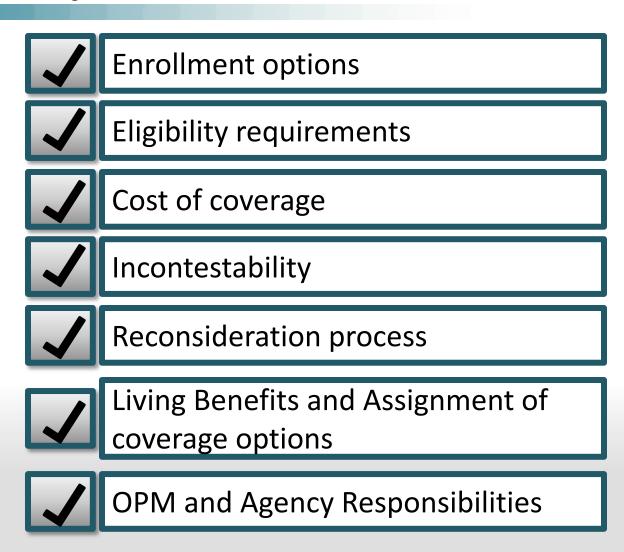
- Work directly with OFEGLI
- Provide agencies with any revisions or legislative changes to the FEGLI Program



## **Agency Responsibilities**

- Determine employee eligibility for coverage
- Inform and counsel employees
- Provide FEGLI forms and booklets
- Ensure accuracy of elections
- Make belated election determinations
- Correct FEGLI errors
- Maintain insurance records in OPF or EOPF
- Provide assistance to claimants

## **Summary**



## **Any Questions?**

